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Budget Update

Fellow Faculty and Staff:

The Council on Postsecondary Education (CPE) took action today to approve a maximum tuition increase parameter of 5 percent for the fall 2014 semester. With this action, we will now complete our budget process for next year. I will recommend to the Board of Regents a tuition increase of 4.8 percent for in-state residential students for the fall 2014 semester. This, along with 50 percent state support for our KERS retirement contribution increase and with reallocations among the various divisions of the University, will allow us to balance our budget for next year. This budget includes a cost of living adjustment of 1 percent with a floor of \$500 for each employee, just over \$1 million to permanently fund the 2014 increase from \$471 to \$525 per month in the university contribution to faculty/staff health insurance premiums, and \$2.5 million to meet employer contribution obligations to the Kentucky Retirement Systems in which many of our employees participate. It also includes funding for various contractual obligations, faculty promotions, and most importantly over \$4.2 million in additional funding for student financial assistance including scholarships, waivers, and grants and aid. This budget also addresses some \$5 million in funding deficits, including approximately \$1.1 million in the state budget cut, and over \$3 million in revenue declines from a lower enrollment in the current year. \$1.1 million of the budget shortfall will be addressed through the privatization of our Health Center and some cost savings in executive level salaries on the Administrative Council. All divisions have now determined how their respective divisional budgets will be balanced. We have been able to protect most campus jobs and avoid catastrophic reductions. I want to thank everyone who has been involved in this budget process, from those who offered insight and guidance as part of various budget advisory groups, to the vice presidents who have been directly engaged in this evolving process over these last several months. I particularly want to thank Vice President Ann Mead and her staff for their sustained effort to measure alternatives and seek feasible solutions to our financial challenges. The budget process will now enter its final stage in preparation for the Board of Regents' budget approval meeting on June 27. I welcome input from all faculty and staff with regard to this process or any other matter as we conclude the spring 2014 semester.

Thank you.
Gary A. Ransdell
